

**LSU MEDICAL SCHOOL - NEW ORLEANS**  
**MEDICAL ALUMNI ASSOCIATION, INC.**  
**AND**  
**LSU HEALTH SCIENCES CENTER**  
**INSTITUTE OF PROFESSIONAL EDUCATION**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/13/10

**ERICKSEN KRENTTEL & LA PORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTTEL.COM

## **CONTENTS**

### **INDEPENDENT AUDITORS' REPORT**

#### **CONSOLIDATING FINANCIAL STATEMENTS:**

Exhibit "A" Consolidating Statement of Financial Position

Exhibit "B" Consolidating Statement of Activities

Exhibit "C" Consolidating Statement of Cash Flows

Notes to Consolidating Financial Statements

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL IN ACCORDANCE  
WITH LSU AFFILIATION AGREEMENT – ALUMNI ASSOCIATION**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL IN ACCORDANCE  
WITH LSU AFFILIATION AGREEMENT – THE INSTITUTE**

# ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE\*  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
KEVIN M. NEYREY  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD†  
JAMES E. TONGLET†

\*PROFESSIONAL CORPORATION  
†LIMITED LIABILITY COMPANY  
BENJAMIN J. ERICKSEN - RETIRED  
J.V. LECLERE KRENTEL - RETIRED

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
LSU Medical Alumni Association, Inc. and  
LSU Health Sciences Center Institute of Professional Education  
New Orleans, Louisiana

We have audited the accompanying consolidating statement of financial position of LSU School of Medicine – New Orleans Medical Alumni Association, Inc. (Alumni Association) and the LSU Health Science Center Institute of Professional Education (Institute) as of December 31, 2009 and the related consolidating statements of activities and cash flows for the year then ended. These consolidating financial statements are the responsibility of the Alumni Association's and the Institute's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the individual and consolidated financial positions of the Alumni Association and the Institute as of December 31, 2009 and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 10, 2010

*Ericksen, Krentel & LaPorte LLP*

Certified Public Accountants

**LSU SCHOOL OF MEDICINE-NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009**

**ASSETS**

	Alumni Association	Institute	Eliminations	Consolidated Totals
<b><u>CURRENT ASSETS:</u></b>				
Cash and cash equivalents	\$ 519,667	\$ 296,359	\$ -	\$ 816,026
Prepaid expenses	-	19,038	-	19,038
 Total current assets	 519,667	 315,397	 -	 835,064
<b><u>PROPERTY AND EQUIPMENT:</u></b>				
Furniture, fixtures and equipment	10,151	3,899	-	14,050
 Total property and equipment	 10,151	 3,899	 -	 14,050
Less: accumulated depreciation	(3,600)	(780)	-	(4,380)
 Net property and equipment	 6,551	 3,119	 -	 9,670
 Total assets	 <u>\$ 526,218</u>	 <u>\$ 318,516</u>	 <u>\$ -</u>	 <u>\$ 844,734</u>

**LIABILITIES AND NET ASSETS (DEFICIT)****CURRENT LIABILITIES:**

Current portion of notes payable	\$ 50,537	\$ -	\$ -	\$ 50,537
Due to LSU Departments	-	150,435	-	150,435
Deferred revenues	-	16,175	-	16,175
 Total current liabilities	 50,537	 166,610	 -	 217,147

**LONG-TERM LIABILITIES:**

Line of credit	856,057	-	-	856,057
Notes payable, less current portion	28,465	-	-	28,465
 Total long-term liabilities	 884,522	 -	 -	 884,522

**NET ASSETS:**

Temporarily restricted	148,902	-	-	148,902
Unrestricted	(557,743)	151,906	-	(405,837)
 Total net assets (deficit)	 (408,841)	 151,906	 -	 (256,935)
 Total liabilities and net assets	 <u>\$ 526,218</u>	 <u>\$ 318,516</u>	 <u>\$ -</u>	 <u>\$ 844,734</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LSU SCHOOL OF MEDICINE-NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Alumni Association</u>	<u>Institute</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
<b><u>UNRESTRICTED NET ASSETS:</u></b>				
<b><u>Unrestricted Revenues and Gains:</u></b>				
Contributions	\$ 624,717	\$ -	\$ -	\$ 624,717
Special events	265,233	-	-	265,233
Program revenues	-	364,139	-	364,139
Investment income	1,090	1,808	-	2,898
	<u>891,040</u>	<u>365,947</u>	<u>-</u>	<u>1,256,987</u>
<b><u>Total unrestricted revenues</u></b>				
	<u>891,040</u>	<u>365,947</u>	<u>-</u>	<u>1,256,987</u>
<b><u>Net Assets Released From Restrictions:</u></b>				
Restrictions satisfied by payments	88,782	-	-	88,782
	<u>88,782</u>	<u>-</u>	<u>-</u>	<u>88,782</u>
<b><u>Expenses:</u></b>				
Program services:				
Special events	249,502	-	-	249,502
Charitable contributions	3,000	-	-	3,000
Other program services	189,248	289,557	-	478,805
Support services:				
Depreciation and amortization expense	1,450	780	-	2,230
General and administrative	110,818	169,319	-	280,137
	<u>554,018</u>	<u>459,656</u>	<u>-</u>	<u>1,013,674</u>
<b><u>Total expenses</u></b>				
	<u>554,018</u>	<u>459,656</u>	<u>-</u>	<u>1,013,674</u>
Increase (decrease) in unrestricted net assets	425,804	(93,709)	-	332,095
<b><u>TEMPORARILY RESTRICTED NET ASSETS:</u></b>				
Net assets released from restrictions	(88,782)	-	-	(88,782)
Contributions	41,834	-	-	41,834
	<u>41,834</u>	<u>-</u>	<u>-</u>	<u>41,834</u>
Decrease in temporarily restricted net assets	(46,948)	-	-	(46,948)
Increase (decrease) in net assets	378,856	(93,709)	-	285,147
Net assets (deficit), beginning of year, as restated	(787,697)	245,615	-	(542,082)
Net assets (deficit), end of year	<u>\$ (408,841)</u>	<u>\$ 151,906</u>	<u>\$ -</u>	<u>\$ (256,935)</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LSU SCHOOL OF MEDICINE-NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Alumni Association	Institute	Eliminations	Consolidated Totals
<b><u>CASH FLOWS FROM (USED IN)</u></b>				
<b><u>OPERATING ACTIVITIES:</u></b>				
Increase (decrease) in net assets	\$ 378,856	\$ (93,709)	\$ -	\$ 285,147
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:				
Depreciation	1,450	780	-	2,230
(Increase) decrease in:				
Accounts receivable	-	16,669	-	16,669
Prepaid expenses	-	26,467	-	26,467
Receipt of donor specified contributions on behalf of Foundation	104,966	-	-	104,966
Transfer of contributions to Foundation	(104,966)	-	-	(104,966)
Increase (decrease) in:				
Accounts payable and accrued expenses	(307)	-	-	(307)
Due to LSU Departments	-	16,332	-	16,332
Deferred revenues	-	(3,825)	-	(3,825)
Net cash from (used in) operating activities	<u>379,999</u>	<u>(37,286)</u>	<u>-</u>	<u>342,713</u>
<b><u>CASH FLOWS FROM (USED IN)</u></b>				
<b><u>FINANCING ACTIVITIES:</u></b>				
Principal payments on line of credit	(231,361)	-	-	(231,361)
Principal payments on notes payable	(283,992)	-	-	(283,992)
Net cash (used in) financing activities	<u>(515,353)</u>	<u>-</u>	<u>-</u>	<u>(515,353)</u>
Net (decrease) in cash and cash equivalents	(135,354)	(37,286)	-	(172,640)
Cash and cash equivalents at beginning of year	<u>655,021</u>	<u>333,645</u>	<u>-</u>	<u>988,666</u>
Cash and cash equivalents at end of year	<u>\$ 519,667</u>	<u>\$ 296,359</u>	<u>\$ -</u>	<u>\$ 816,026</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LSU SCHOOL OF MEDICINE – NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

LSU School of Medicine – New Orleans Medical Alumni Association, Inc. (the Alumni Association) alone or through its wholly owned subsidiary, LSU Health Sciences Center Institute of Professional Education (the Institute) supports and promotes the research, educational and service work of the LSU School of Medicine – New Orleans (the School) and the LSU Health Sciences Center (the Center).

The Alumni Association began operations on December 3, 2003. It also acts as a fundraising arm, in an agency relationship, for the LSU Health Sciences Center. Alumni and corporate sponsor directed contributions collected for endowments are remitted to the LSU Health Sciences Center Foundation (the Foundation) to fund professorships, chairs, scholarships, awards, etc. Alumni and corporate sponsor directed contributions collected for dues, reunion expenses, certain professional education activities, and construction are maintained by the Alumni Association.

The Institute facilitates the planning, development, presentation, administration and evaluation of educational activities that will maintain and/or enhance the knowledge and skill of physicians and where appropriate other health care professionals. The Institute was a wholly owned subsidiary of the Foundation; however, effective April 1, 2004, the Institute's sole member became the Alumni Association.

**Principles of Consolidation**

The consolidating financial statements include the accounts of the Alumni Association and the Institute, its wholly owned subsidiary. All inter-organizational transactions that occurred during the year ended December 31, 2009 have been eliminated in the consolidating financial statements.

**Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

The financial statement presentation follows standards established for external financial reporting by not-for-profit organizations which requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions.

**LSU SCHOOL OF MEDICINE – NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (continued)**

A description of the three net asset categories follows:

- **Unrestricted** – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** – Net assets whose use are limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of management pursuant to those stipulations.
- **Permanently Restricted** – Net assets whose use are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of management.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Alumni Association and the Institute considers certificates of deposit and all short-term, highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost, less an allowance for accumulated depreciation. Additions, improvements, and betterments to property and equipment in excess of \$500 are capitalized.

Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When property and equipment are removed from service, the cost of the asset and the related accumulated depreciation are removed from the books, and any resulting gain or loss is credited to or charged against the current period's income.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated useful lives used in computing depreciation are as follows:

Furniture, fixtures and equipment	5 to 8 years
-----------------------------------	--------------

The Alumni Association and the Institute's depreciation expense for the year ended December 31, 2009 was \$1,450 and \$780, respectively.



**LSU SCHOOL OF MEDICINE – NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program Service Fees**

The Institute operates a continuing medical education program. Various educational seminars and correspondence courses are conducted for the benefit of the teaching physicians of the LSU Health Sciences Center and other physicians interested in the programs. Registration fees are received from the physicians participating in the program in some instances, and in other instances, corporations help underwrite the costs of the programs through sponsorships. Programs service fee revenue includes registration fees and corporate sponsorships net of refunds.

**Deferred Revenue**

Seminar and course registration fees received in advance and prepaid special event revenue are deferred and recognized on the event date.

**Contributions**

Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met.

**Agency Transactions**

The Alumni Association acts as the fundraising agent for the Center. Accordingly, in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, donor directed contributions received on behalf of the Center and subsequently transferred to the Foundation are not reported as revenue and expenses in the accompanying consolidating financial statements.

**Income Taxes**

The Alumni Association and the Institute are nonprofit organizations exempt from federal and state income tax under Internal Revenue Code Section 501(c)(3).

**LSU SCHOOL OF MEDICINE – NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Date of Management Review**

Management has evaluated subsequent events through May 10, 2010, which is the date the financial statements were available to be issued.

**(2) LINE OF CREDIT**

Line of credit at December 31, 2009 consisted of the following:

\$1,200,000 line of credit with Campus Federal Credit Union, due July 1, 2012, bearing interest at 6.625% until June 15, 2009 thereafter at the 2 Year Treasury Index, plus 2% (3.14% at December 31, 2009), secured by a security agreement with the Alumni Association.

\$ 856,057

Amounts available under unused line of credit at December 31, 2009 were \$343,943.

**(3) NOTES PAYABLE**

Notes payable at December 31, 2009 consisted of the following:

Unsecured note payable to Louisiana Rural Health Services Corporation, bearing interest at 5.5%, due in quarterly installments of \$14,383 including interest through August 14, 2012.

\$ 79,002

Less: current portion (50,537)

Total notes payable \$ 28,465

**LSU SCHOOL OF MEDICINE – NEW ORLEANS  
MEDICAL ALUMNI ASSOCIATION, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009**

**(3) NOTES PAYABLE (CONTINUED)**

Maturities of long-term debt are as follows:

2010	\$	50,537
2011		<u>28,465</u>
	\$	<u>79,002</u>

Total interest expense on line of credit and notes payable for the year ended December 31, 2009 was \$76,285.

**(4) RELATED PARTY TRANSACTIONS**

As an agent for the Center, the Alumni Association collected and remitted the following to the Foundation during the year ended December 31, 2009:

Cash contributions	\$	<u>104,966</u>
--------------------	----	----------------

The Institute pays the Dean of LSU a portion of its increase in net assets. The Institute made no distributions to the Dean's office during the year ended December 31, 2009.

Some of the Institute's courses are sponsored by various medical departments at the School which share in the revenues and expenses of the Institute.

**(5) CONCENTRATION OF CREDIT RISK**

The Institute maintains its cash in a bank deposit account at a local financial institution. The balances at times may exceed federally insured limits. At December 31, 2009, the balance exceeded the insured limit by \$53,539.

The Alumni Association maintains its cash in a bank deposit account at a local financial institution. The balances at times may exceed federally insured limits. At December 31, 2009, the balance exceeded the insured limit by \$71,511.

**(6) RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the various scholarships, alumni affairs, reunions, and the Center for Advanced Practice at December 31, 2009.

**(7) PRIOR PERIOD ADJUSTMENT**

During 2009, the Institute's management discovered two errors made in the prior year. Deferred revenues were overstated by \$10,000 and Due to LSU Departments were overstated by \$14,366. Adjustments to correct these errors resulted in an increase in the Institute's beginning net assets of \$24,366.

# ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE\*  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
KEVIN M. NEVREY  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD\*  
JAMES E. TONGLET\*

\*PROFESSIONAL CORPORATION  
\*LIMITED LIABILITY COMPANY  
BENJAMIN J. ERICKSEN - RETIRED  
J.V. LECLERE KRENTEL - RETIRED

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL IN ACCORDANCE WITH LSU AFFILIATION AGREEMENT

To the Board of Directors of  
LSU School of Medicine – New Orleans Medical Alumni Association, Inc.  
New Orleans, Louisiana

### Compliance

We have audited the LSU School of Medicine – New Orleans Medical Alumni Association, Inc.'s compliance with the Affiliation Agreement and its Addendum dated July 1, 2009 (LSU Affiliation Agreement) between this entity and the Board of Supervisors of LSU and Agricultural and Mechanical College. Compliance with the agreement is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the LSU Affiliation Agreement occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the LSU Affiliation Agreement.

In our opinion, the LSU School of Medicine – New Orleans Medical Alumni Association, Inc. complied in all material respects, with the LSU Affiliation Agreement for the year ended December 31, 2009.

### Internal Control Over Compliance

The management of LSU School of Medicine – New Orleans Medical Alumni Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of the LSU Affiliation Agreement. In planning and performing our audit, we considered LSU School of Medicine – New Orleans Medical Alumni Association, Inc.'s internal control over compliance with the LSU Affiliation Agreement in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LSU School of Medicine – New Orleans Medical Alumni Association, Inc.'s internal control over compliance with the LSU Affiliation Agreement.

**ERICKSEN KRENTEL & LAPORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

To the Board of Directors of  
LSU School of Medicine – New Orleans Medical Alumni Association, Inc.  
May 10, 2010  
Page 2

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such there is a reasonable possibility that material noncompliance with a type of compliance requirement of an agreement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, Board of Supervisors of LSU and Agricultural and Mechanical College and is not intended to be and should not be used by anyone other than these specified parties.

May 10, 2010

*Ericksen, Krentel & Laporte LLP*

Certified Public Accountants

# **ERICKSEN KRENTEL & LA PORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5998  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE\*  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
KEVIN M. NEYREY  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD†  
JAMES E. TONGLET†

\*PROFESSIONAL CORPORATION  
†LIMITED LIABILITY COMPANY  
BENJAMIN J. ERICKSEN - RETIRED  
J.V. LECLERE KRENTEL - RETIRED

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL IN ACCORDANCE WITH LSU AFFILIATION AGREEMENT**

To the Board of Directors of  
LSU Health Sciences Center Institute of Professional Education  
New Orleans, Louisiana

### **Compliance**

We have audited the LSU Health Sciences Center Institute of Professional Education's compliance with the Affiliation Agreement and its Addendum dated July 1, 2009 (LSU Affiliation Agreement) between this entity and the Board of Supervisors of LSU and Agricultural and Mechanical College. Compliance with the agreement is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the LSU Affiliation Agreement occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the LSU Affiliation Agreement.

In our opinion, the LSU Health Sciences Center Institute of Professional Education complied in all material respects, with the LSU Affiliation Agreement for the year ended December 31, 2009.

### **Internal Control Over Compliance**

The management of LSU Health Sciences Center Institute of Professional Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of the LSU Affiliation Agreement. In planning and performing our audit, we considered LSU Health Sciences Center Institute of Professional Education's internal control over compliance with the LSU Affiliation Agreement in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LSU Health Sciences Center Institute of Professional Education's internal control over compliance with the LSU Affiliation Agreement.

**ERICKSEN KRENTEL & LA PORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

To the Board of Directors of  
LSU Health Sciences Center Institute of Professional Education  
May 10, 2010  
Page 2

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such there is a reasonable possibility that material noncompliance with a type of compliance requirement of an agreement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, Board of Supervisors of LSU and Agricultural and Mechanical College and is not intended to be and should not be used by anyone other than these specified parties.

May 10, 2010

*Erickson, Krentel & LaPorte LLP*

Certified Public Accountants